Indications of a Major Shakeup

Knoche Resigning CIA's No. 2 Post

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The ranking career official of the Central Intelligence Agency, Deputy Director E. Henry Knoche, has resigned amid indications that a major shakeup is in the making.

CIA Director Stansfield Turner, through a spokesman, reported that Knoche had submitted his resignation to President Carter on July 5, effective Aug. 1. Turner gave no explanation for Knoche's action but denied a press report that the two top officials of the CIA clandestine operations branch as well as 20 of their subordinates are under pressure to resign.

"There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time," Turner's statement said.

Agency sources said Turner yesterday assured his senior staff, including clandestine operations director William Wells and his deputy, Ted Shackley, that there is no truth to reports that he has decided to replace them.

A statement to CIA employees by the retiring deputy director, however, said "more change looms on the horizon." Calling it a most difficult decision, Knoche said he is stepping aside to facilitate Turner's task "as he prepares to make decisions about new organizational forms and the kind of new leadership that he will need to carry out his future plans."

President Carter is reported to be weighing a major reorganization of the U.S. intelligence community that would give Turner budgetary and operational control over the National Security Agency, the highly secret eavesdropping organization, and the National Reconnaissance Office, which operates spy satellites.

Although Turner and his predecessors as director of Central Intelligence have in theory been heads of the entire intelligence community, the NSA and NRO have in practice been under the control of the Secretary of Defense. The Pentagon is contesting Turner's plans to bring these major units under his wing.

See CIA, A3, Col. 1

No. 2 Man at CIA Resigning Amid Talk of Shakeup

CIA, From A1

There is no indication that Carter has made a decision in the CIA-Pentagon struggle, which has been described as one of the most important to U. S. intelligence since the CIA was established in 1947. A Turner victory in his drive would be likely to trigger major reshuffles at the top.

Knoche, who is 52 years old and a 24-year veteran of the CIA, was acting director between the resignation of George Bush and the swearing in of Turner as his successor early this year.

At a February news conference, Carter called Knoche "very competent." He was reportedly among those considered for the top CIA post before the selection of Turner, who was a classmate of Carter at the U. S. Naval Academy.

Reports that could not be confirmed yesterday said there were policy differences between Turner and Knoche. However, a CIA spokesman said Knoche had not been forced to resign and suggesteed that Turner had been surprised by the career official's decision to ask for early retirement.

In another development, Carter was reported to be reconsidering a commitment given by Turner to keep Congress informed of any possible wrongdoing by intelligence agencies. Turner had pledged during his confirmation hearing to notify the Senate Intelligence Committee of all charges of abuses that are submitted to the President's Intelligence Oversight Board.

E. HENRY KNOCHE
. . . "more change looms on horizon"

Carter is also considering rescinding an executive order issued by President Ford last year which requires the oversight board to report promptly to the Justice Department on any intelligence activities that "raise serious questions about legality," according to the Atlanta Constitution.

A Senate Intelligence Committee spokesman said that unit is in close touch with the White House on the subject. Senior member of the committee are reported to have been told of the White House reconsideration.